Office of the Inspector General

March 14, 2000

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Reliability of Diagnosis Codes Contained in the Social Security Administration's Data Bases (A-01-99-61001)

Attached is a copy of our final report. Our objective was to determine the impact on the Social Security Administration's operations when diagnosis codes on the Master Beneficiary Record or Supplemental Security Record are missing, invalid or for unestablished diagnoses.

Please comment on corrective action taken or planned on each recommendation within 60 days from the date of this memorandum. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

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IO Read File
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Report File
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File Code: 99-61001 FNL

OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

RELIABILITY OF DIAGNOSIS CODES CONTAINED IN THE SOCIAL SECURITY ADMINISTRATION'S DATA BASES

March 2000 **A-01-99-61001**

AUDIT REPORT

EXECUTIVE SUMMARY

OBJECTIVE

Our objective was to determine the impact on the Social Security Administration's (SSA) operations when diagnosis (DIG) codes on the Master Beneficiary Record (MBR) or Supplemental Security Record (SSR) are missing, invalid or for unestablished diagnoses.

BACKGROUND

The DIG code is an integral part of each disabled individual's permanent record. This code on the MBR and SSR should refer to the basic medical condition that rendered the individual disabled. SSA uses the DIG code, along with other fields, for a variety of purposes, such as determining what type of continuing disability review (CDR) will be performed. If the original impairment were electronically available, SSA could better assess the likelihood of medical improvement in profiling the case and thereby determine the appropriate method of review.

The DIG code is also used by SSA's managers to identify specific populations that may have to be redetermined as a result of new legislation. For instance, due to passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), the prior medical determinations of children had to be reviewed if those children had disabilities specified in the legislation. SSA identified the individuals whose cases needed to be reviewed, in part, through use of the DIG code.

We obtained from SSA an extract that contained the primary DIG codes for 11,658,598 Disability Insurance and Supplemental Security Income (SSI) disabled beneficiaries or recipients who were eligible for payments as of September 1998. Through review of SSA's Program Operations Manual System (POMS) and the United States Department of Health and Human Services "International Classification of Diseases," we identified DIG codes of 0001, 001X, 2480, 2490, 6490, 799X, and 9999 as being invalid or with an unestablished diagnosis. Invalid DIG codes are those codes that do not have a medical meaning and are not listed in POMS.

RESULTS OF REVIEW

SSA's procedures do not ensure valid and specific DIG codes are recorded to the MBR or SSR. We extracted 1,492,475 records where individuals who were eligible for payment had DIG codes on their MBRs or SSRs that were missing, invalid or for unestablished diagnoses. We randomly selected a sample of 150 of these records to verify that the individuals had received benefit payments and to determine the basis for

the disability decisions. We found 132 of the 150 sampled individuals had received benefit payments while their MBRs or SSRs had missing, invalid or unestablished diagnoses on their MBRs or SSRs. Projecting the results of our sample cases to the population, we estimate 1.31 million MBR or SSR records did not contain DIG codes representing the medical condition related to the individuals' disabilities. We also reviewed SSA's National Disability Determination Services System (NDDSS) to determine if this disability data base contained better DIG codes for these 132 records and found that the NDDSS also lacked better DIG information for 65 of the 132 records. These incorrect DIG codes affect SSA's ability to properly profile beneficiaries or recipients for CDRs and preclude SSA from identifying cases mandated for redeterminations. Additionally, if SSA's data bases were corrected with DIG codes that specifically represent the individuals' disabilities, more accurate disability statistics could be accumulated and disseminated.

For 124 of the 150 cases reviewed, we found evidence of DIG codes that specifically represent the individuals' disabilities. We determined specific DIG codes for these beneficiaries or recipients by reviewing documentation found in these individuals' medical folders, or by locating information on other SSA data bases. In 14 of the 150 cases, we were unable to determine specific DIG codes because SSA could not locate the case folders (8 cases) or the case folders lacked medical evidence (6 cases). In 12 cases, the claimants never received benefit payments, so it was not necessary for SSA to establish DIG codes on the MBR or SSR.

Having DIG codes that do not represent specific disabilities on SSA's records affects SSA's ability to identify specific disabilities for review. For example, we reviewed 50 of the 87,947 childhood cases in our extract to determine whether these cases were redetermined as required by Public Law (P.L.) 104-193. We determined that required reviews were not performed in 5 of the 50 cases. According to P.L. 104-193, these five cases should have been selected for redeterminations because their diagnoses were based on maladaptive behavior or individualized functional assessments. We have determined that missing or invalid DIG codes or DIG codes with unestablished diagnoses contributed to SSA's not selecting these cases for review. In the five cases where reviews were not performed, individuals were paid $49,494 in SSI benefits between September 1997 and June 1999. Projecting these results to the population, we estimate that at least 3,539 recipients should have had redeterminations performed under P.L. 104-193. By these redeterminations not being performed, we estimate that at least $8.97 million in SSI payments have been paid incorrectly.

RECOMMENDATIONS

We recommend that SSA:

- Update the MBR and/or SSR with valid, specific DIG codes for all disabled beneficiaries and recipients.

- Implement an electronic edit check that requires a valid, specific DIG code be input when new records are opened on the MBR and/or SSR for disabled individuals.

- Publish a policy memorandum emphasizing the importance of having valid, specific DIG codes on the MBR and/or SSR as well as the NDDSS. The memorandum should also explain what special circumstances allow for the use of DIG code 2480.

- Periodically monitor whether Disability Determination Services offices are limiting the use of DIG code 2480 to those special circumstances where it is appropriate.

- Ensure that when second or subsequent SSR records are opened, the DIG code on previous SSR records is carried forward or another DIG code that represents the individual's disabling condition is placed on all newly opened SSR records.

- For all childhood cases included in our extract, determine whether P.L. 104-193 medical redeterminations should have been conducted and conduct those redeterminations that have not been performed.

AGENCY COMMENTS

In response to our draft report, SSA agreed to implement corrective actions to address the conditions found during our review and satisfy five of our six recommendations. (See Appendix B for the full text of SSA's comments to our draft report).

With regard to our fifth recommendation, SSA did not agree to take further action. SSA stated that the recommended edit was implemented in July 1997. Further, even though FO staff continue to have the ability to manually create these records, procedures are in place to ensure that appropriate codes are carried forward or established when the manual process is used.

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We agree that SSA's proposed corrective actions should address the conditions found during our review, and fulfill the intent of five of our six recommendations. To ensure that SSA's actions have fully corrected the conditions found, we will follow-up on these issues during future audits.

With regard to our fifth recommendation, SSA's response does not reflect that this condition continued to occur after July 1997. In conducting our review, we found cases processed after July 1997 where the DIG codes on the closed SSRs were not carried forward to the new SSRs. As a result, we continue to believe that further corrective action is necessary to ensure that DIG codes are carried forward when new SSRs are created.

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INTRODUCTION

OBJECTIVE

Our objective was to determine the impact on the Social Security Administration's (SSA) operations when diagnosis (DIG) codes on the Master Beneficiary Record (MBR) or Supplemental Security Record (SSR) are missing, invalid or for unestablished diagnoses.

BACKGROUND

The Disability Insurance (DI) program was established in 1956 under title II of the Social Security Act (Act). It was designed to provide benefits to disabled wage earners and their families. In 1972, Congress enacted the Supplemental Security Income (SSI) program under title XVI of the Act. The SSI program provides a minimal level of income to financially needy individuals who are aged, blind or disabled.

The DIG code is an integral part of each disabled individual's permanent record. This code on the MBR or SSR should refer to the basic medical condition that rendered the individual disabled. The disability determination, including selection of the DIG code, is made by Disability Determination Services (DDS) medical examiners based upon information in an applicant's case folder. At the end of each review, the DDS office prepares a *Disability Determination and Transmittal* form that includes a decision as to whether the individual is disabled and the individual's diagnosis. An electronic version of this form is transmitted to the National Disability Determination Services System (NDDSS) maintained by SSA. The NDDSS electronically updates the MBR and SSR with the DDS determination information.

SSA uses the DIG code along with other fields for a variety of purposes, such as determining what type of continuing disability review (CDR) will be performed.[1] For example, a DIG code related to a particular body system may be more likely to be scheduled for a full medical CDR than a mailer CDR. SSA's Program Operations

[1] The purpose of a CDR is to determine whether a disabled beneficiary or recipient is still medically eligible to receive benefits. CDRs are conducted through one of two methods: full medical reviews or CDR mailers. Full medical reviews are primarily conducted by DDS offices who review an individual's medical evidence, develop medical evidence if unavailable or insufficient, and render a determination as to whether the individual is still disabled. CDR mailers are questionnaires sent to disabled individuals asking whether: (1) they have performed any work; (2) their medical condition has changed; and (3) they are interested in receiving vocational rehabilitation services. If the answers to the questions indicate the individual's condition may have improved, the case is referred to a DDS office for a full medical CDR to determine whether the individual is still disabled.

Manual System (POMS) DI 28001.001 states that for a DI beneficiary or adult SSI recipient, disability will cease only when there is medical improvement in the individual's impairment(s) related to the ability to work. If the original impairment's diagnosis code were electronically available, SSA could better assess the likelihood of medical improvement in profiling the case and thereby determine the appropriate method for a CDR.

The DIG code is also used by SSA managers to identify specific populations that may have to be medically redetermined as a result of new legislation. For instance, due to passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), the prior medical determination of certain children had to be reviewed.[2] SSA identified the individuals whose cases needed to be reviewed, in part, through use of the DIG code.

SSA management recognizes the need for accurate diagnosis decisions and reporting. POMS DI 28085.115 states, "Identifying the nature and extent of impairment is a vital and important part of the disability process, not only as to the substantive decision, but also for disability data collection and future processing purposes. Therefore, it is necessary for the reviewing physician/examiner team to accurately determine before coding by the lists the correct nature of the principal impairment(s) upon which the favorable or unfavorable decision is based."

We identified DIG codes on current MBRs and SSRs which are invalid or with unestablished diagnoses (see Table 1). Invalid DIG codes are those having no medical meaning and are not listed in POMS DI 26510.015. The invalid DIG codes we identified are 0001, 001X, 2490, 799X, 9999 and blank, which we found on 1,298,569 MBRs and SSRs. SSA staff told us that the Office of Systems Requirements updated approximately 500,000 blank fields on the SSR during the summer of 1998, just prior to our data extraction for this review. Our extract included 190,444 MBR and SSR records with DIG code 2480.[3] SSA staff informed us they believe DIG code 2480 is being overused.

[2] Public Law 104-193 (enacted August 22, 1996) required SSA to redetermine the medical eligibility of any individual under age 18 whose claim was allowed because of an individualized functional assessment or consideration of maladaptive behavior in the domain of personal/behavioral function.
[3] While code 2480 is a valid DIG code listed in POMS, this code provides only a general description of the disability condition and should be used rarely.

Table 1: MBRs and SSRs with Invalid or Unestablished Diagnosis Codes

DIG Codes Included in Review	Definition in POMS	Number of Records in Extract
Blank	Not Listed	779,862
0001	Not Listed	252,820
001X[4]	Not Listed	243,895
2480	Diagnosis Established – No Predetermined List Code of Medical Nature Applicable	190,444
2490	Not Listed	2,206
6490	None Established – Medical Evidence in File But Insufficient to Establish Diagnosis	3,462
799X[4]	Not Listed	1,915
9999	Not Listed	17,871
	Total	1,492,475

SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws, regulations, and program guidelines.
- Obtained from SSA an extract containing the DIG codes for 11,658,598 DI and SSI disabled individuals eligible for payments.
- Reviewed POMS DI 26510.015 “Primary and Secondary Diagnosis, Body System Code and Impairment Code” and the United States Department of Health and Human Services “International Classification of Diseases” to determine which DIG codes were invalid or for unestablished diagnoses.
- Identified 1,492,475 records from our initial extract with DIG codes that were missing, invalid or for unestablished diagnoses.
- Randomly sampled and reviewed 50 cases from 87,947 SSR records where the recipients had dates of birth after 1980. These 87,947 records were disabled SSI children with primary DIG codes of 0001, 001X, 2480, 2490, 6490, 799X, 9999 or blank. (See Appendix A for details of our sampling methodology.)

[4] X represents the numbers 0, 3, 8 or 9.

- Randomly sampled and reviewed 50 cases from 150,645 records where DI and/or SSI disabled adults had primary DIG codes of 2480, 2490, or 6490.

- Randomly sampled and reviewed 50 cases from 1,253,883 records where DI and/or SSI disabled adults had primary DIG codes of 0001, 001X, 799X, 9999 or blank.

- Projected the results of our sample to the population.

- Interviewed SSA disability specialists to obtain an understanding of the appropriateness of various DIG codes and to determine how DIG codes would impact the profiling of medical redeterminations.

- Obtained case folders from field office, Program Service Center, Office of Hearings and Appeals (OHA) and Wilkes-Barre Folder Service Center personnel.

- Reviewed disability records in the NDDSS to determine whether the NDDSS contained better DIG codes for the sample cases with missing, invalid or unestablished diagnoses on the MBR and/or SSR.

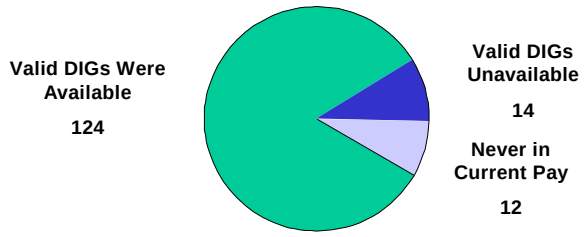
- Discussed our findings with SSA staff to confirm that the cases we identified should have been reviewed under Public Law (P.L.) 104-193.

We conducted our audit between December 1998 and November 1999 in Boston, Massachusetts. We conducted our review in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

SSA's procedures do not ensure valid and specific DIG codes are recorded to the MBR or SSR. We extracted 1,492,475 records where individuals who were eligible for payment had DIG codes on their MBRs or SSRs that were missing, invalid or for unestablished diagnoses. We randomly selected a sample of 150 of these records to verify that the individuals had received benefit payments and to determine the basis for the disability decisions. We found 132 of the 150 sampled records had received benefit payments while the DIG codes on their MBRs or SSRs were missing, invalid or for unestablished diagnoses.[5] Projecting the results of our sample cases to the population, we estimate 1.31 million MBR or SSR records did not contain DIG codes representing the medical condition related to the individuals' disabilities. We also reviewed the NDDSS to determine if this disability data base had better DIG codes for these 132 sample records and found the NDDSS also lacked better DIG code information for 65 of the 132 records. These incorrect DIG codes affect SSA's ability to properly profile beneficiaries or recipients for CDRs and preclude SSA from identifying cases mandated for redeterminations. Additionally, if the NDDSS records were corrected with DIG codes that specifically represent the individuals' disabilities, more accurate disability statistics could be accumulated and disseminated.

Figure 1: Unestablished/Invalid DIG Sample Results



For 124 of the 150 cases reviewed, we found evidence of DIG codes that specifically represented the individuals' disabilities. We determined specific DIG codes for these beneficiaries or recipients by reviewing documentation found in each individual's medical folder, or by locating information on other SSA data bases. In 14 of the 150 cases, we were unable to determine specific DIG codes because SSA could not locate the case folders (8 cases) or the case

[5] The remaining 18 records represent 12 records where SSA did not make a payment and 6 records where the DIG code was 2480 and we could not determine whether a better diagnosis was available due to insufficient medical evidence.

folders lacked medical evidence (6 cases). In 12 cases, the claimants never received benefit payments, so it was not necessary for SSA to establish DIG codes on the MBR or SSR (see Figure 1).

Having DIG codes that do not represent specific disabilities on SSA's records affects SSA's ability to identify specific disabilities for review. For example, we reviewed 50 of the 87,947 childhood cases in our extract to determine whether these cases were redetermined as required by P.L. 104-193. We determined that required reviews were not performed in 5 of the 50 cases. According to P.L. 104-193, these five cases should have been selected for redeterminations because their diagnoses were based on maladaptive behavior or individualized functional assessments (IFA). We have determined that missing or invalid DIG codes or DIG codes for unestablished diagnoses contributed to SSA's not selecting these cases for review. In the five cases where reviews were not performed, individuals were paid $49,494 in SSI benefits between September 1997 and June 1999. Projecting these results to the population, we estimate that at least 3,539 recipients should have had redeterminations performed under P.L. 104-193. By these redeterminations not being performed, we estimate that at least $8.97 million in SSI payments have been paid incorrectly.[6]

How Invalid DIG Codes Were Placed on the MBR or SSR

We were unable to determine how invalid DIG codes were placed on the records in 9 of the 124 cases in which we identified DIG codes that specifically represent the individuals' disabilities. In 115 of these 124 cases, we were able to determine 4 ways in which invalid DIG codes were placed on the records.

- In 63 of the 115 cases, the DIG codes on the forms SSA used to document disability determinations[7] translated to the diagnosis "Diagnosis Established—No Predetermined List Code of Medical Nature Applicable" (DIG code 2480).[8] Since the DIG codes on these forms automatically update the MBR and SSR, these 63 cases had the DIG code 2480 placed on their electronic records. In each of these cases, however, the diagnosis wording and/or the medical listing numbers on the forms translated into DIG codes that specifically represent the individuals' disabilities. For example, an individual's disability determination form contained medical diagnosis wording "Affective Disorders," and also contained a medical listing number showing the disability related to Affective Disorders (DIG code 2960). However, the DIG code on this individual's disability determination form and MBR

[6] We adjusted our projection by SSA's P.L. 104-193 review cessation rate to reflect that not all cases reviewed would result in cessation of benefits.

[7] SSA uses several forms to document DDS disability decisions. The *Disability Determination and Transmittal* form (SSA-831) is used for initial disability determinations. The *Cessation or Continuance of Disability or Blindness Determination and Transmittal* form is used for SSI redeterminations (SSA-832) and DI redeterminations (SSA-833).

[8] As described in the *Completion of Item 16 A and 16 B (Primary and Secondary Diagnosis, Body System Code and Impairment Code)* POMS DI 26510.015 the "Diagnosis Established—No Predetermined List Code of Medical Nature Applicable" is represented by the DIG code 2480.

was 2480. In our opinion, the DIG code should have been 2960 which is the DIG code for Affective Disorders, and specifically represents this individual's disability.

- In 16 of the 115 cases, SSA staff at the FO or PSC entered OHA decisions into the MBR and SSR with an invalid DIG code of 0010, so that beneficiaries and/or recipients could collect DI and/or SSI benefits while their claims were being processed. When the processing of the claim was complete, however, SSA staff never went back to put a valid, specific DIG code on the MBR and/or SSR, even though specific impairment information was recorded in the OHA decisions and available in the case folders. For example, an individual's case folder contained an "OHA Psychiatric Review Technique Form" which showed the individual's disability is based upon the medical listing number code for "Organic Mental Disorders" (DIG code 2940). However, the DIG code on this individual's SSR is 0010, which is not a valid DIG code. In addition, OHA staff were not always providing a valid DIG code with the decision paperwork. OHA has recently issued guidance to its employees mandating valid DIG codes on all decided cases.[9] However, OHA staff told us that they do not have access to the MBR or SSR. As a result, FO and PSC staff will still need to update SSA's data bases with a valid DIG code once they receive the OHA decision.

- In 13 of the 115 cases, new SSRs were opened, but valid DIG codes were not placed on the new SSRs. In 11 of these 13 cases, valid DIG codes on the previous records were not carried forward to the newly opened SSRs. For example, an individual's current SSR has an invalid DIG code of 0001, while his prior SSR had a valid DIG code of 2950 (which signifies Schizophrenia). In 2 of the 13 cases, previous SSRs did not have DIG codes and invalid DIG codes were placed on the newly opened SSRs.

- In 23 of the 115 cases, the individuals first became eligible for benefits prior to 1982, when the DIG code field was not part of the electronic record. For these records, valid DIG codes were never added to the MBR and/or SSR. For example, an individual has been receiving DI benefits since 1962. We found a disability determination form dated March 26, 1968 in this individual's case folder which indicates the individual's disability was mental retardation. However, the DIG code field on this disabled individual's MBR is blank.

Review of Cases to Assess Compliance with P.L. 104-193

As described earlier in this report, we stratified our sample population to segregate childhood recipients from adult recipients. We stratified our population to determine if

[9] On December 4, 1998, OHA issued a memorandum instructing OHA personnel to designate a four-digit DIG code for a claimant's primary and secondary impairments in all decided cases. Although this process had been in place for SSI childhood cases, the memorandum stated that these same requirements "…are now extended to all disability decisions and are mandatory for all adjudicators."

required redeterminations under P.L. 104-193 were performed for the childhood recipients. For the 50 cases we reviewed, we determined that:

- In 40 cases, P.L. 104-193 redeterminations did not need to be performed;

- In 3 cases, redeterminations were performed and individuals were determined to still be disabled;

- In 1 case, a redetermination was performed and the disability was determined to have ceased;

- In 1 case, SSA could not locate the case folder and we were unable to determine whether a redetermination needed to be performed; and

- In 5 cases, redeterminations required due to passage of P.L. 104-193 did not occur.

The individuals in the 5 cases cited above were paid $49,494 in SSI benefits during the period September 1997 to June 1999.[10]

- In 2 of the 5 cases, the allowances were based upon IFAs. For example, one case was adjudicated August 11, 1992 and the medical diagnosis wording on the disability determination form states, “Severe, multiple developmental delay” and was coded as DIG code 2480. The regulation basis code on the disability determination form indicates an allowance based upon IFA. We reviewed the case folder, SSR and the Continuing Disability Review Control File and determined that a P.L. 104-193 redetermination has not been completed on this case.

- In 3 of the 5 cases, we have determined the DIG codes that should have been on the records are DIG codes related to maladaptive behavior.[11] For example, one case was adjudicated April 4, 1991 and the medical diagnosis wording on the disability determination form stated, “Attention Deficit Hyperactivity Disorder” and also contained a medical listing number showing the disability related to Attention Deficit Hyperactivity Disorder. The diagnosis wording and medical listing number both agree with DIG code 3140. However, the SSR was coded with DIG code 2480 rather than 3140.[12]

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[10] Three of these cases were later selected for childhood CDRs as part of SSA's commitment to conduct CDRs on disabled children every 3 years. Two of these CDRs led to cessations and one led to a continuance. This information is reflected in our calculations.

[11] P.L. 104-193, required SSA to modify the medical criteria for evaluation of mental and emotional disorders by deleting references to maladaptive behavior in the domain of the personal/behavioral function. It also required SSA to redetermine the eligibility of any individual under age 18 whose eligibility for benefits may have been affected by this legislative change. In an emergency teletype regarding P.L. 104-193, SSA states that maladaptive behavior was likely to be involved in decisions that had DIG codes: 3010 - Personality Disorder; 3120 - Conduct Disorder; 3138 - Oppositional/Defiant disorder; 3140 - Attention Deficit Hyperactivity Disorder.

[12] All five childhood cases cited in this section had NDDSS records containing DIG code 2480.

RECOMMENDATIONS

We recommend that SSA:

1. Update the MBR and/or SSR with valid, specific DIG codes for all disabled beneficiaries and recipients.

2. Implement an electronic edit check that requires a valid, specific DIG code be input when new records are opened on the MBR and/or SSR for disabled individuals.

3. Publish a policy memorandum emphasizing the importance of having valid, specific DIG codes on the MBR and/or SSR as well as the NDDSS. The memorandum should also explain what special circumstances allow for the use of DIG code 2480.

4. Periodically monitor whether DDS offices are limiting the use of DIG code 2480 to those special circumstances where it is appropriate.

5. Ensure that when second or subsequent SSR records are opened, the DIG code on previous SSR records is carried forward or another DIG code that represents the individual's disabling condition is placed on all newly opened SSR records.

6. For all childhood cases included in our extract, determine whether P.L. 104-193 medical redeterminations should have been conducted and conduct those redeterminations that have not been performed.

AGENCY COMMENTS

In response to our draft report, SSA agreed to implement corrective actions to address the conditions found during our review and satisfy five of our six recommendations:

- For our first recommendation, SSA agreed to correct most of the DIG codes as these cases come up for subsequent actions, such as CDRs. This strategy may not correct all cases, but will apply to all non-permanent impairment cases within a 3-year period and will be cost effective to implement.

- With regard to our second recommendation, SSA agreed to improve coding accuracy by ensuring that DDS personnel enter the correct DIG code into the NDDSS and by monitoring the degree to which coding problems continue.

- SSA agreed with our third recommendation and plans to issue a DDS Administrator's Letter and Regional Commissioner's Memorandum by April 30, 2000 to provide additional guidance on the importance of entering valid and specific DIG codes into the NDDSS.

- For our fourth recommendation, SSA agreed to confirm whether a specific problem exists with the use of DIG code 2480 by conducting a one-time review of the usage rate of this DIG code for DDS allowances after the DDS Administrator's Letter and Regional Commissioner's Memorandum are issued.

- With regard to our fifth recommendation, SSA did not agree to take further action. SSA stated that the recommended edit was implemented in July 1997. Further, even though FO staff continue to have the ability to manually create these records, procedures are in place to ensure that appropriate codes are carried forward or established when the manual process is used.

- For our sixth recommendation, SSA responded that it recognized from the outset that some childhood cases that met the disability redetermination criteria provisions of P.L. 104-193 would be inadvertently excluded because of imprecise coding. Therefore, SSA has instructed adjudicators, at the time a CDR or other disability review is initiated, to first check to see if the case meets the childhood disability determination requirements. Adjudicators are further instructed to conduct a redetermination on any case identified as being subject to the provisions of P.L. 104-193.

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We agree that SSA's proposed corrective actions should address the conditions found during our review, and fulfill the intent of our recommendations, with the exception of our fifth recommendation. With regard to our fifth recommendation, SSA's response does not reflect that this condition continued to occur after July 1997. In conducting our review, we found cases processed after July 1997 where the DIG codes on the closed SSRs were not carried forward to the new SSRs. Only one of these cases was processed through the Modernized Supplemental Security Income Claims System (MSSICS). However, since the original claim for this case pre-dated MSSICS implementation, SSA's edit did not apply to this case. As a result, all of the cases in our review with new SSRs opened after July 1997 were processed manually and SSA's current procedures permitted the DIG codes to be omitted from the new SSRs. As a result, we continue to believe that SSA must take action to ensure that manual procedures for transferring DIG codes to new SSRs are re-enforced with SSA's staff.

APPENDICES

SAMPLING METHODOLOGY AND RESULTS

From the Social Security Administration (SSA), we obtained extracts from the Master Beneficiary Record (MBR) and the Supplemental Security Record (SSR) of all disabled individuals eligible for payments. Our analysis of the diagnosis (DIG) codes found certain codes being used were invalid or were for unestablished diagnoses. The MBR extract contained 5.37 million records and the SSR extract contained 6.29 million records as of September 1998. Through review of SSA's Program Operations Manual System and the United States Department of Health and Human Services "International Classification of Diseases," we identified 441,712 beneficiaries and 1,050,763 recipients eligible for payments who had DIG codes of 0001, 001X, 2480, 2490, 6490, 799X, 9999 or blank. We combined these two extracts and stratified them for sampling purposes.

- The first stratum consisted of 87,947 cases with a primary DIG code of 0001, 001X, 2480, 2490, 6490, 799X, 9999 and blank which had a date of birth after 1980. We stratified children separately due to the potential impact of Public Law (P.L.) 104-193 on childhood disabilities.

- The second stratum consisted of 150,645 cases with a primary DIG code of 2480, 2490, or 6490 for disabled adult beneficiaries or recipients.

- The third stratum consisted of 1,253,883 cases with a primary DIG code of 0001, 001X, 799X, 9999 or blank for disabled adult beneficiaries or recipients.

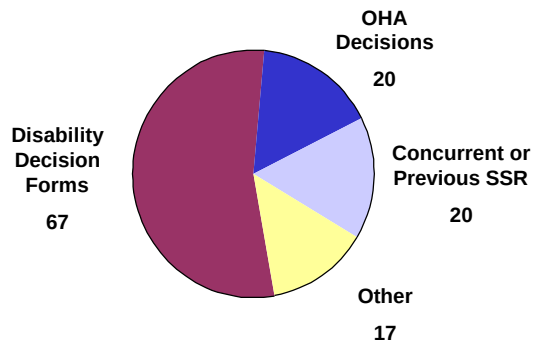
Evidence Used to Determine DIG Codes that Specifically Represent the Individuals' Disabilities

We determined DIG codes that specifically represent the individuals' disabilities for 124 of the 150 cases reviewed, using documentation found in these individuals' medical folders and SSA's data bases. We used disability determination forms, Office of Hearings and Appeals (OHA) decisions and other medical documentation prepared by the Disability Determination Services (DDS) to determine the DIG codes that specifically represent these individuals' disabilities. Additionally, for Supplemental Security Income (SSI) cases with more than one SSR record, we accepted valid DIG codes that were on older SSR records as the best evidence available. Furthermore, for concurrent[1] individuals, we accepted valid DIG codes from the other title's record (see Figure A-1). Specifically, for 67 of the 124 cases, we used disability determination

[1] Individuals receiving both Disability Insurance and SSI benefits.

forms to determine specific DIG codes. For 20 of the 124 cases, we used evidence from OHA contained in the case folders to determine specific DIG codes. For 20 of the 124 cases, we used information on the concurrent individuals' other records or prior SSR records to locate valid DIG codes.

Figure A-1: Sources of Evidence Used to Select Primary DIG



For 17 of the 124 cases, we determined the specific DIG codes by various other means. In four cases, disability determination forms with DIG codes of 2480 were in the case folders; however, using other documents[2] we were able to identify more specific DIG codes. In three cases, disability determination forms and OHA decisions were absent, and we used other documents in the case folders to select specific DIG codes. In two cases, we adopted the secondary DIG codes because the primary DIG codes were missing, invalid or unspecific and not supported by documentation in the case folders. In these cases, the secondary DIG code was supported by the medical evidence contained in the case folder or was a DIG code that was for a more specific diagnosis than the primary DIG code. In eight cases, as a result of recent continuing disability reviews, SSA had added specific DIG codes to the records which were supported by evidence in the case folders.

Overall Sample Results and Attribute Projections				
Stratum Name	**Strata 1**	**Strata 2**	**Strata 3**	**Total**
Population Size	87,947	150,645	1,253,883	1,492,475
Sample Size	50	50	50	150
Sample Results – Individuals Paid Benefits with Missing, Invalid, or Unestablished DIG Codes	43	45	44	132
Projection – Individuals Paid Benefits with Missing, Invalid, or Unestablished DIG Codes	75,634	135,581	1,103,417	1,314,632
Projection Lower Limit				1,218,035
Projection Upper Limit				1,411,229

Note: All projections were calculated at the 90-percent confidence level.

[2] These documents included, a SSA form 454 "Report of Continuing Disability Review," a DDS Disability Determination Evaluation Report and a DDS Case Data Worksheet.

For those cases in which SSA performed P.L. 104-193 redeterminations, disability has been determined to continue in 62 percent of the cases and disability has been determined to cease in 38 percent of the cases. The 38 percent cessation rate is applied to our estimate in the following table to recognize that not all of these cases would have been ceased if redeterminations had been performed. To be conservative, we applied this percentage to the lower limit of our estimate.

Strata 1 Sample Results for Compliance with P.L. 104-193	
Population Size	87,947
Sample Size	50
Attribute Projections	
Sample Results – Individuals not Redetermined as Required	5
Projection – Individuals not Redetermined as Required	8,795
Projection Lower Limit	3,539
Projection Upper Limit	17,485
Dollar Projections	
Sample Results – SSI Benefits Paid to Individuals not Redetermined as Required	$49,494
Projection – SSI Benefits Paid to Individuals not Redetermined as Required	$87,056,976
Projection Lower Limit	$23,614,154
Projection Upper Limit	$150,499,799
Adjustment to Projection Lower Limit to Reflect 38 Percent Cessation Rate for P.L. 104-193 Redeterminations	$8,973,379

Note: All projections were calculated at the 90-percent confidence level.

AGENCY COMMENTS

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "RELIABILITY OF DIAGNOSIS CODES CONTAINED IN THE SOCIAL SECURITY ADMINISTRATION'S (SSA) DATA BASES" (A-01-99-61001)

We appreciate the opportunity to comment on this report. Our comments on the report recommendations are provided below.

Recommendation

Update the Master Beneficiary Record (MBR) or Supplemental Security Record (SSR) with valid, specific diagnosis (DIG) codes for all disabled beneficiaries and recipients.

Comment

The cost of updating the 1.5 million MBR and SSR records noted in the report would be enormous. In addition, the benefit of such an update would be minimal since SSA relies on the more accurate disability determination forms (SSA.831, 832, 833) for DIG codes.

The correction of over 1.5 million records would be a very labor-intensive task. In many instances, the claims folder would be needed. The folder searches would be unproductive at times (some of these folders will be more than 30 years old), necessitating folder reconstructions. In addition, for Supplemental Security Income (SSI) cases converted from the State welfare rolls, State personnel would have to copy medical evidence and forward it to SSA. After the folder is retrieved or reconstructed, a manual folder review would be needed to determine the most appropriate diagnosis. The folder reviews would have to be conducted by professional staff trained in medical evaluations.

Therefore, we believe a better approach would be to correct the DIG codes as these cases come up for subsequent actions such as a continuing disability review (CDR) or age 18 medical review. This strategy means that not all cases will be (or should be) corrected. All non-permanent impairment cases will be reviewed within a three-year CDR cycle. Permanent impairment cases would not be detected in any cyclical review, other than the age 18 redetermination. However, for the reasons stated, we believe correcting these cases when subsequent actions are taken is the best way to handle this situation.

Recommendation

Implement an electronic edit check that requires a valid, specific DIG code be input when new records are opened on the MBR and/or SSR for disabled individuals.

Comment

We agree with the intent of this recommendation, but not the specific solution. Storing only active DIG codes would significantly reduce the flexibility the Agency needs to quickly activate a new DIG code. Furthermore, the implementation of an electronic edit check would require changes to systems within all of our DDSs. These system changes would require significant implementation time and cost.

We believe a more timely and cost-effective method of improving coding accuracy is to focus on the front end of the process by ensuring that DDS personnel enter the correct DIG code to the NDDSS. By April 30, 2000, we plan to issue a DDS Administrator's Letter and Regional Commissioner's Memorandum providing guidance to DDSs on the importance of entering valid and specific DIG codes to the NDDSS. In addition, we have been and will continue to research potential benefits we may receive from automated coding systems available commercially "off the shelf."

Upon release of the DDS Administrator's Letter and Regional Commissioner's Memorandum, we will begin monitoring the degree to which coding problems continue to arise. If improvements are not revealed, we will reconsider our approach.

Recommendation

Publish a policy memorandum emphasizing the importance of having valid, specific DIG codes on the MBR and/or SSR, as well as the NDDSS. The memorandum should also explain what special circumstances allow for the use of DIG code 2480.

Comment

We agree. As stated above, we plan to issue a DDS Administrator's Letter and Regional Commissioner's Memorandum by April 30, 2000 providing additional guidance to DDSs on the importance of entering valid and specific DIG codes to the NDDSS.

Recommendation

Periodically monitor whether DDS offices are limiting the use of DIG code 2480 to those special circumstances where it is appropriate.

Comment

We do not believe it would be cost effective to conduct ongoing monitoring of a single DIG code. SSA currently has several processes in place to monitor these codes overall. DIG codes are monitored on an ongoing basis as follows:

- All allowances with DDS diagnosis code 2480 (Diagnosis Established-No Predetermined List Code of Medical Nature Applicable) are targeted for preeffectuation review (PER) by the Office of Quality Assurance and Performance Assessment (OQA). Denials with DDS DIG code 2480 are subject to sample selection for quality assurance (QA) review in the same way as all other denials.

- As part of both PER and QA reviews, OQA records the impairment codes used by both the DDSs and OQA reviewers. OQA periodically compares the DDS impairment codes and the OQA reviewers' diagnosis codes to see if/where any problems occur. In addition, a comparison of the two codes is usually part of any deficiency analyses that are undertaken.

- Of concern during analysis of impairment code accuracy is the presence of any of the nonspecific codes (i.e., 2480; 0000-None Established; 6490-None Established (Medical Evidence in File But Insufficient to Establish Diagnosis), particularly in favorable determination cases. Taken into consideration with other available information about a specific case, use of such a code can raise questions about the extent to which an individual's impairment(s) was documented and evaluated.

Also, we are not aware that the use of DIG code 2480 is a problem for SSA staff as noted in the report. However, to determine whether a specific problem exists, we will review on a one-time basis the usage rate of DIG code 2480 for DDS allowances after the DDS Administrator's Letter and Regional Commissioner's Memorandum are issued.

Recommendation

Ensure that when second or subsequent SSR records are opened, the DIG code on previous SSR records is carried forward or another DIG code that represents the individual's disabling condition is placed on all newly opened SSR records.

Comment

These systems revisions were implemented when the T30/T33 process was integrated into the Modernized Supplemental Security Income Claims System (MSSICS) (Release 4.4) in July 1997. The vast

majority of these cases are input via MSSICS. However, the field offices still retain the ability to create these records manually, and procedures are in place to ensure that appropriate codes are carried forward or established when the manual process is used.

Recommendation

For all childhood cases included in the extract, determine whether Public Law (P.L.) 104-193 medical redeterminations should have been conducted, and conduct those redeterminations that have not been performed.

Comment

SSA already has procedures in place to ensure that any case that should have had a childhood redetermination will be identified and processed as a childhood redetermination on an ongoing basis. SSA recognized from the outset of the childhood redetermination effort that some childhood cases that met the disability redetermination criteria provisions of P.L. 104-193 would be excluded inadvertently because of imprecise coding. Therefore, SSA has instructed adjudicators at the time a CDR or other disability review is initiated to first check to see if the case meets the childhood disability determination requirements. The adjudicator is further instructed to pursue development and a disability redetermination decision on any case identified as being subject to a childhood disability redetermination.

SSA is required to review, at least once every 3 years, all childhood cases where eligibility is based on an impairment (or combination of impairments) which is likely to improve. All cases with unknown DIG codes are classified as nonpermanent and are subject to this review. Therefore, any case not captured in the childhood redetermination effort has already been released for a CDR as we are now in the third year of the 3-year period. As noted above, a redetermination rather than a CDR is performed on any case that should have been included in the redetermination workload but was missed. OIG notes, in fact, that three of the five study cases cited as not having a redetermination were medically reviewed prior to issuance of the draft report.

We do not believe that the OIG review establishes that it is cost effective or necessary to review all cases in the extract to determine if a childhood case was excluded from the redetermination process due to miscoding. We base our conclusion on:

1. The OIG sample includes cases adjudicated after implementation of P.L. l04-93 (indicating the case would have already been worked under the new standard);

2. All the potential childhood redetermination cases in the OIG sample will be or have been reviewed as part of the CDR process and will have or have had a childhood redetermination, if a redetermination is or was required;

3. The OIG sample included only 50 cases, with the specifics for only one error described in the report. In effect, the sample is too small to support the projections made with a high degree (95%) of confidence; and

4. Many of the cases in OIG's extract may have been included in the cases screened by the Federal Disability Determination Services (FDDS). More than 20,000 childhood records that were determined to be Office of Hearing and Appeals (OHA) allowances were referred to the FDDS for screening before notices were sent out regarding the redeterminations.

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